

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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August 3, 2005

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: **DPSS RESPONSE TO BOARD OF SUPERVISORS: MOTION - SYN 101-B
(MAY 31, 2005) PREVENTING AND IDENTIFYING FRAUD IN THE
CALWORKS CHILD CARE PROGRAM**

This is in response to your Board Motion of May 31, 2005, instructing my Department to report to the Board on what DPSS is doing to prevent and identify fraud in the CalWORKs Child Care Program.

Overall, my Department has implemented significant actions that are designed to prevent, detect, investigate and prosecute child care fraud in the CalWORKs Program. These actions are described in greater detail in the Attachment to this memo.

- Contract monitoring of Stage One Child Care Contractors.
- Independent contractor review of the Resource & Referral/Alternative Payment Program (R&R/APP) payment system.
- Training to emphasize the role of DPSS and agency staff in verifying employment and how to identify and refer allegations of child care fraud.
- Computer modifications in the GAIN Employment Activity and Reporting System (GEARS) to detect prevent child care fraud.
- Creation of the Child Care Fraud Prevention Task Force, consisting of representatives of DPSS, the District Attorney's Office, the R&R/APP agencies, and the Child Care Alliance of Los Angeles.

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- Continuous collaboration among the Department's Welfare Fraud Prevention and Investigations (WFP&I) Section, Contract Management Division (CMD), Child Care Program Section and the Child Care Alliance of Los Angeles.

We will continue to apply aggressive controls and work closely with the District Attorney, Auditor-Controller, Child Care Alliance of Los Angeles and the State to develop additional strategies to identify, investigate and prevent fraud in the CalWORKs Child Care Program.

BY:wb

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

**DPSS STRATEGIES TO PREVENT AND IDENTIFY FRAUD
IN THE CALWORKS CHILD CARE PROGRAM**

A. Contract Monitoring

- DPSS' Contract Management Division (CMD) monitors the Stage 1 Child Care contracts for eligibility purposes and payment accuracy. The monitoring involves reviewing participant and provider case records, comparing authorized payments with invoices, and providing tips on best contracting practices. CMD monitors also review to ensure that child care fraud referrals are made whenever a case with potential fraud is encountered.
- On a monthly basis, CMD staff telephone child care providers and forward names of those providers they are unable to contact to WFP&I.

B. Independent Contractor to Review. An independent contractor has been secured to review the payment systems of the 13 Stage One Child Care contractors, APP agencies. The review will be conducted in four phases:

- **Phase I:** Conduct an internal control review of the payment process utilized by each of the 13 APP agencies.
- **Phase II:** Review the Child Care Alliance Data Transfer System to determine if sufficient internal controls are built into it to ensure the integrity of case data transferred to DPSS' GEARS System.
- **Phase III:** Document and evaluate the adequacy of controls over DPSS' child care reimbursement process to ensure that adequate controls are in place.
- **Phase IV:** Conduct on-site, follow-up reviews at each of the 13 APP agencies to determine the status of the recommendations made as a result of the initial on-site reviews completed in Phase I.

A report will be issued by May 31, 2006.

C. Training

- Child care fraud prevention and detection retraining for the 13 APP agencies is targeted for October 2005.
- Additional child care training in all GAIN Regions, with comprehensive instructions for GAIN workers to alert them to what they must look at and how to initiate a child care fraud referral will be held in September 2005.

D. Computer Modifications

- GEARS was modified to alert GAIN staff when child care is entered on GEARS by R&R/APP staff for participants who do not show GAIN activities and/or employment in GEARS.
- GEARS database captures the R&R/APP user IDs of the person adding and the last person updating child care information on GEARS.

- GEARS was modified to generate an alert screen for GAIN and contracted GAIN staff to communicate to the R&R/APP agencies any pertinent changes that may affect child care eligibility.
- The child care website is updated regularly using a database provided quarterly by the California Department of Social Services (CDSS) Community Care Licensing Division.
- Community Care Licensing's database is matched against GEARS to validate the capacity of each licensed child care provider in Los Angeles County, against the number of children for whom DPSS issues child care for the licensed.

E. The Child Care Fraud Prevention Task Force

- The Child Care Fraud Prevention Task Force was established in September 2004 to discuss and make recommendations for child care fraud prevention and detection systems and activities, and to enhance existing systems/activities. This Task Force includes key representatives from the Department, District Attorney's office, Auditor-Controller, R&R/APP agencies, and the Child Care Alliance of Los Angeles.
- APPs and Greater Avenues for Independence (GAIN) staff make Child Care fraud referrals directly to Welfare Fraud Prevention and Identification (WFP&I) Early Fraud Investigators stationed in the Department's line offices.
- R&R/APP agencies are informed of Child Care providers who are non-existent or of facilities where no children are being cared for, in the event that CalWORKs participants are stating their use of these providers for child care.
- R&R/APP agencies are provided with information received from law enforcement agencies regarding current participants/providers who have been arrested.

F. Collaboration Efforts

- Continuous collaboration with the Department's Welfare Fraud Prevention and Investigation (WFP&I) Section, Contract Management Division, Child Care Program Section, and the Child Care Alliance of Los Angeles.
- An enhanced child care early fraud intervention & prevention plan is targeted for implementation by September, 2005. The plan includes having WFP&I staff conduct "drive-bys" of questionable providers and/or employers to validate legitimacy before child care services are approved, as well as. "Drive-bys" on ongoing child care cases.
- By September 2005 WFP&I will issue a list of "Best Practices," to the Department's public contact staff to assist them in identifying potential child care fraud.